



DAVID B. FOUNTAIN
North Carolina President

Duke Energy
410 S. Wilmington Street
Raleigh, NC 27601

Mailing Address:
P.O. Box 1551/NCRH 12

November 3, 2017

Mr. Ivan Urlaub
NC Sustainable Energy Association
4800 Six Forks Road, Suite 300
Raleigh, NC 27609

Dear Mr. Urlaub:

We appreciate NCSEA's ongoing engagement and conversations with our team regarding the solar energy rebate program. As you are aware, we are working diligently on all aspects of HB 589 implementation, including the rebate program, and we look forward to the North Carolina Utilities Commission's (NCUC) orders relating to it. The rebate program remains a priority for Duke Energy, and will be the first HB 589 customer program to be implemented.

As you will recall, we spent several months in 2016 working with NCSEA and a group of your members to develop a rebate program, which ultimately did not get implemented due to concerns raised by other stakeholders. However, the work we performed together does provide a foundation for the new program created by HB 589 and we believe the new program to be even better than what we agreed to last year. As you know, that proposed rebate program also included an eligibility requirement for time-of-use rates.

The basis of the rebates we will propose will be consistent with quantitative metrics based on market fundamentals, as well as customer based financial feasibility. While we understand there is significant business interest, we cannot discriminate and share preliminary information with one group of marketers over another, nor can we circumvent the discussions with the North Carolina Public Staff about our proposed structure.

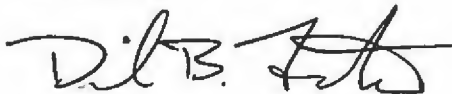
We have continued to meet with your team and members on this issue since HB 589's passage, including our October 10 meeting. Those meetings have provided valuable feedback and direction to us, much of which is being incorporated into our upcoming filing. For instance, based on feedback we received in the last meeting, most nonresidential customers will not be subject to the time-of-use rates requirement. Once we have a clean draft of the program, we do plan to set up another meeting with your team and members for a review before filing. For the reasons addressed above, we will not share the rebate amounts in advance with select groups, but we will share them publicly with all potential suppliers at the same time.

Although the statutory deadline for filing the program is not until January 23, 2018, we have committed to your team and members that we will file the program with the NCUC and post the program to our website before the end of the year. As we work through the details of North

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Carolina's new renewables framework with the North Carolina Public Staff, NCUC and other stakeholders like NCSEA, Duke Energy is continuing to advance renewable energy in North Carolina in a meaningful way.

Sincerely,

A handwritten signature in black ink, appearing to read "D.B. Fountain", with a stylized flourish at the end.

David B. Fountain
North Carolina President
Duke Energy

Cc: The Honorable Roy Cooper
Rep. John Szoka, North Carolina General Assembly
Rep. Dean Arp, North Carolina General Assembly
Rep. Sam Watford, North Carolina General Assembly
Sen. Paul Newton, North Carolina General Assembly
Jeremy Tarr, Policy Advisor, Office of Governor Roy Cooper
Sam Watson, General Counsel, North Carolina Utilities Commission
Christopher J. Ayers, Executive Director, North Carolina Public Staff
Lynn Good, Chief Executive Officer, Duke Energy
Rob Caldwell, Senior Vice President, Distributed Energy Resources, Duke Energy
Kendal Bowman, Vice President of Regulatory Affairs and Policy, Duke Energy
Gary Freeman, General Manager, Distributed Energy Resources Compliance, Duke Energy
Ken Jennings, Renewable Strategy and Policy Director, Duke Energy
Peter Ledford, NCSEA